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C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 003471

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TAGS: [PGOV](#) [KDEM](#) [PINR](#) [SOCI](#) [SCUL](#) [KPAO](#) [IN](#)

SUBJECT: CONGRESS SHOOTS ITSELF BY REVIVING THE CASTE QUOTA
CONTROVERSY

Classified By: PolCouns Geoff Pyatt for reasons 1.4 (B,D)

1. (C) Summary. The Congress party needlessly set off a political firestorm by proposing a bill to add a 27 percent quota for "other backward castes (OBCs)" in public higher education institutions. OBCs are castes that do not face traditional discrimination but have been determined to be "economically backward." The proposed quotas would raise the total to 49.5 percent, since dalits (formerly untouchables) and tribals already enjoy quotas. Just as they did in 1990 when Prime Minister VP Singh's government fell due to the quota issue, higher caste Hindus came out in strength against the proposal and strikes by angry doctors have disrupted medical services throughout the country. The GOI will likely try to defuse the controversy by expanding the higher education system to make room for the expected influx of OBCs without reducing opportunities for upper castes. The architect of the reservation plan is opportunistic Human Resources Development Minister Arjun Singh, who purportedly convinced Congress President Sonia Gandhi and Prime Minister Manmohan Singh of its viability, as a means to win over OBC voters. The university expansion scheme will likely deflect GOI attention away from India's troubled primary education system into its bloated universities, and the proposed quotas could endanger the high standing of the Indian Institutes of Technology and Management, which enjoy worldwide reputations. Although Congress claims to be the party with a heart, it has demonstrated yet again that many of its traditional leaders are more concerned with petty politics than actual poverty alleviation. Its failure to foresee what a divisive issue quotas are is also surprising. End Summary.

The Proposal

2. (U) The UPA government has stirred up a hornet's nest by

submitting a bill to Parliament extending a quota of 27 per cent in public higher education institutions to "Other Backward Castes (OBCs)." The quota would apply to 20 central government-run universities, as well as the super-elite Indian Institutes of Technology (IIT), the Indian Institutes of Management (IIM) and the All India Institute of Medical Sciences (AIIMS). The bill would raise the number of "reserved" seats in these institutions to 49.5 per cent, as "dalits (formerly untouchables)" and "tribals" already enjoy 22.5 per cent reserved seats. In Indian parlance OBCs are castes that may be ritually pure but economically backward. They are therefore not the victims of institutionalized discrimination like dalits and tribals, but have been traditionally shunted into lower paying occupations and denied access to education.

Debates in Parliament

¶3. (U) The reservation issue was hotly debated in Parliament on May 15-17, with verbal clashes between primarily Congress and BJP members. Despite this, opposition MPs did not call for the measure to be withdrawn, and most expect it to pass during the current session, scheduled to end on May 23. The man most closely identified with the bill is its acknowledged architect Human Resources and Development (HRD) Minister Arjun Singh, who purportedly convinced the Congress leadership, including Prime Minister Manmohan Singh and party President Sonia Gandhi, to endorse the measure. In addition, Hanumantha Rao, the convenor of Parliament's OBCs, is working closely with Arjun Singh and has promised to deliver the votes of 100 OBC MPs from various parties. The HRD Minister

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exuded confidence on the floor of Parliament, telling the house that the GOI is totally committed to implementing the bill and that there is no prospect that it will be withdrawn.

He also denied press reports that there were differences within Congress on the proposal. However, Singh expressed a willingness to examine all suggestions, including a proposal to increase the numbers of seats in the effected Universities, so as not to disadvantage applicants who don't qualify for reservations.

Anti-Reservation Strikes

¶4. (U) In reaction, just as happened in 1990 when the then Prime Minister VP Singh first aroused caste antagonisms by instituting quotas, upper caste doctors launched a series of strikes in government and private hospitals around the country beginning May 13 demanding that the GOI withdraw the reservations proposal. Doctors stayed away from work at hospitals in Delhi, Bihar, Rajasthan, Gujarat, Goa, Tripura, Madhya Pradesh and other states, reducing services in many hospitals by as much as 70 percent. In Delhi, Bhopal, Mumbai and several other cities, junior doctors took out street processions to press the no reservation demand. In response, the GOI called on the Railways and the Army to open their hospitals to critical cases and issued a notice to striking doctors that they must resume work or face dismissal. On May 17 the GOI issued notices to 600 doctors informing them that they had 24 hours to return to work or they would be sacked. Doctors in some hospitals called off their agitation and began returning to work, while others vowed to continue the strikes and publicly burned their dismissal letters.

Met with Counter-demonstrations

¶5. (U) As further evidence that the reservations proposal has set off a firestorm of caste confrontation, OBC counter-demonstrators organized their own marches in cities throughout India, chastening the striking doctors for their lack of concern for suffering patients, and demanding the bill's implementation. Just as some striking upper caste

Hindus vowed to starve themselves to death to prevent the extended reservations, excited OBC's vowed never to give up their struggle to address social wrongs through affirmative action.

GOI Tries to Defuse the Issue

¶6. (U) Now fully aware that the reservation proposal was generating unwanted political controversy and could hurt the UPA politically, the GOI announced in Parliament on May 17 that it has established a committee to look into the issue. Press leaks indicate that the committee will recommend a slow phased implementation schedule for the reservations that will be stretched out over years. Other recommendations are said to include a further increase in the size of government run higher education institutions so as to create "more seats." The theory is that this will allow the same numbers of upper caste Hindus to attend, while making room for new entrants from the OBCs. The GOI could also propose the creation of more colleges, medical colleges, and management institutes.

And Gets Communist Support

¶7. (U) In another indication that the reservation proposal

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will likely pass, the CPI(M) politburo issued a statement on May 17 expressing guarded support for the measure and calling the anti-reservation agitation by the forward castes "unjustified" and "baseless." The Left submitted its own proposals to make the measure more palatable and enlist broader support. Its statement pointed out that caste alone was not a good measure of need and that the GOI should devise economic criteria for reservations that would prevent wealthy and privileged OBCs from taking advantage of the measure. It suggested that the GOI submit legislation to grant authority to the government to set fees in all colleges, both government-run and private. The Communists argued that this would empower the GOI to grant special concessions to those from the "poor and needy" sections regardless of their caste.

Congress Insiders Confirm Key Points

¶8. (C) Poloff spoke to two well-connected Congress insiders regarding the reservation controversy. Congress MP Rashid Alvi noted that almost everyone in the party leadership opposed Arjun Singh on the measure, which he dismissed as "pure politics." Alvi derided Arjun Singh, saying that he had no concern for OBCs but was driven by personal ambition. According to Alvi, Singh expected to be named Home Minister after the 2004 Congress victory, was bitter about being given the HRD portfolio, and wanted to demonstrate his power to the party leadership. Singh purportedly enjoys the media spotlight and is willing to use any issue to remain the center of attention. Alvi confirmed that Sonia Gandhi was initially in favor of the reservation proposal, but tired of the controversy and now wants it defused. In response, the party leadership has already decided to increase the number of seats in all government-run colleges (meaning that the much publicized committee exercise is redundant). Alvi complained that Arjun Singh has hurt Congress politically, as the high castes, a principal Congress "vote bank," are now angry and will start looking at rival parties, while the OBCs already belong to regional parties and will not switch over to Congress because of one bill.

¶9. (C) Prominent journalist Zafar Agha, who had just spoken to Arjun Singh, confirmed much of what Alvi said. He maintained that Arjun Singh told him that he was "happy," about the current developments, as he had demonstrated to the Congress leadership that he was "indispensable," and had retained his considerable influence. Agha theorized that Arjun Singh has given up his ambition to be Prime Minister

and has now set his eyes on replacing Abdul Kalam as President of India. Arjun Singh also wants to ensure that his son Ajay Singh, a prominent Congress politician in Madhya Pradesh, becomes Chief Minister after the next election, when most expect the BJP to be unseated. Caste politics have come to predominate throughout the Hindi belt, Agha pointed out; the OBCs have become politically powerful, and Arjun Singh purportedly wants to cultivate political influence for him and his family with them.

Comment - Primary Education Should be the Focus

¶10. (C) We expect that the GOI will sign on to an expensive new expansion of Indian higher education to mollify the upper castes and defuse the reservation crisis. This will deflect government attention away from much-needed primary education and into India's bloated higher education system. In India, where there is no concept of the "dignity of manual labor," families push their children to get higher education degrees

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even when there is no guarantee of a job afterwards, while much-needed vocational education programs are neglected. The UPA government has done little to ensure that primary students actually attend school, or that they actually learn anything. Although the GOI now claims that 100 percent of India's children are enrolled in primary school, one study documented that in Bihar only 52 percent of those enrolled actually attend classes. In Rajasthan, UP, West Bengal, Jharkhand, Orissa and Madhya Pradesh, the figure was between 60 and 70 percent.

¶11. (C) The GOI also makes no effort to monitor how much learning actually goes on in its vast network of primary schools. Private studies indicate, however, that many children graduate from the public school system without basic literacy or math skills. A British study of slum schools in Delhi indicated that even among India's poorest groups, there is a rush away from government schools and into the private education system. The study determined that while Indian parents overwhelmingly want their children to be educated in English, only two out of 71 public schools studied were English medium. Students in public schools were also found to perform at about half the level of private school students on standardized reading and math tests. As a result, over half of the parents in the study, despite their poverty, spent up to 600 rupees (USD 12) per month per student to send their children to private, English medium schools. A similar pattern could emerge in higher education after reservations reach 49.5 percent. Wealthy upper-caste students could simply opt for the increasing numbers of expensive private universities at home or abroad, leaving public universities to the scheduled tribes and castes and the OBCs and creating a two-tiered and inherently discriminatory higher education system.

¶12. (C) The reservation controversy has needlessly deflected the GOI from correcting these problems and constructing a viable primary education system into yet another expansion of the higher education system. India already turns out far more university graduates than it can productively employ. After graduation, many with college degrees sit idle as they will only accept white collar jobs that don't exist. Meanwhile, the two thirds of Indians who reside in urban slums and poor rural villages must contend with substandard primary education that does not provide them with the means to find meaningful employment or break out of poverty.

¶13. (C) Congress claims to be the party with a heart, but has demonstrated yet again that many of its key leaders' top priority is petty leadership squabbles and political pandering rather than genuine poverty alleviation. Arjun Singh used his political influence within the inner coterie surrounding Madam Gandhi to foist a dubious social engineering scheme on the nation that needlessly exacerbated

caste divisions, was of no benefit to the nation or to the party, and as an unanticipated consequence will divert the GOI into wasting money on universities. At risk now are the IITs and IIMs that are the crown jewels of Indian education. Since Congress now has to escape a mess of its own making, we will try to press home our point that opening the education sector to American investment can help solve India's capacity crunch and quality gap.

¶14. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)
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